

**Minutes
Study Session
City Council/Redevelopment Agency
City of Huntington Beach**

Tuesday, January 20, 2009
4:00 PM - Room B-8
6:00 PM - Council Chambers
Civic Center, 2000 Main Street
Huntington Beach, California 92648

**An audio recording of the 4:00 PM portion of this meeting
and a video recording of the 6:00 PM portion of this meeting
is on file in the Office of the City Clerk and is archived at
www.surfcity-hb.org/government/agendas/**

4:00 PM - B-8

CALL TO ORDER

Mayor Bohr called the regular meeting of the City Council/Redevelopment Agency to order at 4:06 PM.

ROLL CALL

Present: Carchio, Dwyer, Green (arrived at 4:08 PM), Bohr, Coerper, Hardy, and Hansen
Absent: None

ANNOUNCEMENT OF LATE COMMUNICATION

Pursuant to the Brown "Open Meetings" Act, City Clerk Joan Flynn no late communications were received by her office following distribution of the Council agenda packet.

**PUBLIC COMMENTS REGARDING STUDY SESSION/CLOSED SESSION ITEMS ONLY
(3-Minute Time Limit)**

Mayor Bohr asked the public speakers if they preferred to speak before or after Staff's presentation. They chose to speak after.

STUDY SESSION

1. (City Council) Reviewed and discussed proposed modifications to the Inclusionary/Affordable Housing Program.

Kelly Fritzel, Deputy Director of Economic Development, introduced Consultant Kathy Head with Keyser Marston Associates. Consultant Head provided a PowerPoint presentation that addressed the major components of the City's Inclusionary Housing Program, with proposed

changes. Topics within the presentation included program background, Regional Housing Needs Assessment (RHNA) goals for the City, goals for program modifications, current and proposed requirements for affordable housing percentage, and current and proposed requirements for off-site fulfillment.

Councilmember Coerper, Mayor Pro Tem Green and Consultant Head discussed the proposed requirement to restrict off-site development to net new units or substantial rehabilitation of existing units in order to receive RHNA or redevelopment credit.

The presentation continued with current and proposed requirements for in-lieu fee payment and fee schedule, and income and affordability standards. Councilmember Hardy and Consultant Head discussed developers options to receive credit for and build very-low income through rental projects. Councilmember Dwyer questioned specific language that requires developers to build rental versus ownership units. Consultant Head explained that the requirement is not mandated.

The presentation continued with other proposed changes that impact developers, including in-lieu fees paid at completion, affordable unit bedroom mix proportionate to mix of units, and allowing the Planning Director to make minor modifications as part of the projects entitlement.

Consultant Head explained household income measurement and income standards defined by the California Health & Safety Code. Councilmember Hardy and Consultant Head discussed an issue at the state level involving a 10% interest rate regulation.

Councilmember Carchio, Councilmember Hardy and Consultant Head discussed what happens when a homebuyer's income adjusts dramatically over the years.

The presentation continued with current and proposed requirements for affordable sales price calculation including setting interest rates, RHNA credit, housing related expenses and methodology. Councilmember Hardy questioned the current policy of daily interest rates, suggesting the City use the lowest average interest rate per the previous quarter reportings.

Consultant Head discussed calculations for affordable sales prices, down payments and purchase of durable goods. Councilmember Hardy questioned the program allowing a 10% down payment when developers are hoping to realize a 20% down payment. Discussion ensued on latitude and what is reasonable for sales price calculation. Councilmember Dwyer and Consultant Head discussed why buyers who put a large amount of money down will not receive it through principal and how equity allocates between loan and mortgage.

The presentation continued with publishing the affordable sales price and policies and procedures manual, and refinancing restrictions (no change to methodology). Discussion ensued regarding current and proposed requirements for owner occupancy, including added hardship provision. Councilmember Hardy, Director Smalewitz and Consultant Head discussed using the equity from an affordable unit to purchase a new unit. Councilmember Hardy recommended the City codify the percentage of equity allowable to be used for purchase of another home. Discussion ensued on how each covenant is different, with applicable regulations.

The presentation continued with current and proposed requirements for inheritance, monitoring and enforcement documents (Notice of Affordability Covenant, Promissory Note, Deed of Trust, Special Disclosure), new enforcement measures and treatment of capital improvements.

The presentation continued with current and proposed requirements for duration of income and affordability restrictions. Consultant Head explained that the proposed requirements relate to go-forward activity, and concluded by discussing equity share upon resale, with a recommendation that the current methodology remain unchanged.

PUBLIC COMMENTS, CONTINUED (3-Minute Time Limit)

City Clerk Joan Flynn announced that a PowerPoint communication was submitted during the meeting by Jennifer Mertus, dated January 19, 2009 and entitled, "Cape Ann & Other Developments, Problems with and Possible Solutions to Huntington Beach's Inclusionary Housing Program."

Steve Fought, Cape Ann resident, presented the PowerPoint report that outlined problems and possible solutions affecting Cape Ann homeowners. He discussed Cape Ann residents attempts to educate Council of existing issues within the program. He questioned if the City's proposed program changes will apply to current Cape Ann homeowners, or to new, go-forward development, and requested further clarification on the City's two different programs in place.

Geoffrey Lester, Cape Ann resident, discussed problems associated with pricing and resale formulas and not being able to recover home upgrades through equity.

John Courtney, Cape Ann resident, addressed homeowners inability to leave their home to heirs who did not qualify for inclusionary housing, and discussed discrepancies of published, affordability period expiration dates. He explained that the first Certificate of Occupancy for Cape Ann is dated 1999, making the affordability period expiration due in 2029, and pointed out that conflicting dates are posted on the City website and are in direct conflict with the recorded Conditions, Covenants and Restrictions (CCRS) for Cape Ann.

Yana Kennedy, Cape Ann resident, addressed residents inability to recover costs for home improvements and repairs. She explained that individual homeowners, not the Cape Ann Homeowners Association, bear the cost of exterior painting, roofing, etc. She voiced concerns that the resale pricing formula provides no incentive to maintain or upgrade interior and exterior improvements. She also discussed the lack of information on the affordable housing program available to owners and potential buyers, and written policies or procedures not being provided to new buyers. She concluded by suggesting the City create a hardship clause that would allow homeowners with special circumstances the ability to temporarily rent out their property.

Hannelor Palmer, Cape Ann resident, presented possible solutions to the issues presented. She discussed allowing sellers to recoup capital improvements and repairs in addition to the formula price of the unit, citing the City of San Francisco and Monterey County as agencies who do. She also discussed allowing homes to pass to heirs without requiring the heir to qualify for the program via income restrictions.

Renata Green-Gaber, Cape Ann resident, discussed allowing sellers to add 5% to the calculated price of the home if a real estate agent is used to sell the home, adhering to the recorded resale restriction CC&Rs that states the affordability period expires 30 years from the date of the first COO. She concluded by requesting that the City notify current owners of any and all changes to the program.

Jennifer Mertus, Cape Ann resident, requested that the City allow homeowners to temporarily rent their property under special circumstances or hardship. She suggested that the City hold workshops and information sessions by qualified personnel for potential buyers, and not retroactively apply program changes to existing owners without their knowledge. She discussed the City's inconsistent claims of application related to the codified policies and procedures for the 2004 inclusionary housing program, arguing that most Cape Ann homeowners purchased property in 1999 before a codified plan was in place. She concluded by requesting that the City put a safeguard in place to prevent owners from selling at a price below that which they paid for the home.

Connie Ngo, Cape Ann resident, purchased her home in 1999 and discussed the lost benefits promised to her at the time of purchase. She described her efforts to meet all program requirements, a 33% down payment, and her fear that she may lose her equity. She questioned which Council Member would represent the homeowners interests?

Councilmember Hansen stated the item should be brought back to give the public the opportunity to pose questions. Director Smalewitz explained that tonight's presentation was meant to clear up issues addressed in the past, and clarify issues related to the program as a whole, and specific issues related to Cape Ann. Discussion ensued on whether the presentation addresses issues affecting members from other affordable communities, the proposed clause for hardship rental, negative impacts to RHNA numbers, the need to make the process more user friendly, and posting questions on the City website on how improvements will affect investments. Councilmember Hansen stated that sound decisions must be made when upgrading property inside market guidelines, and discussed the benefits and consequences of purchasing an affordable housing unit.

Councilmember Hardy concurred with holding a second meeting and acknowledged other affordable owners from developments outside of Cape Ann.

Mayor Pro Tem Green asked if the City retains a list of eligible homebuyers. Director Smalewitz responded, "No" and explained the qualification process. Discussion ensued on policy changes affecting Cape Ann homeowners that occurred in 2004. The City Attorney suggested further conversation be discussed in Closed Session.

Councilmember Dwyer stated support for a second meeting, indicating his concerns with the Inclusionary Housing Program as it currently exists.

Councilmember Carchio voiced concerns about residents paying a homeowners association fee that doesn't cover exterior improvements such as paint, and concurred with holding a second meeting.

Mayor Bohr thanked members of the public for their comments, acknowledged their concerns, and stated that Council will hold a special meeting on the item in the near future that will be advertised and noticed to all interested parties.

Director Smalewitz announced that the staff presentation will be made available on the City website.

RECESS TO CLOSED SESSION

A motion was made by Coerper, second Green to recess to Closed Session. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

CLOSED SESSION

2. Pursuant to Government Code Section 54957.6, the City Council recessed to Closed Session to meet with its designated labor negotiators: Paul Emery, Deputy City Administrator; Michele Carr, Director of Human Resources; Jim Engle, Director of Community Services; and Kyle Lindo, Marine Safety Division Chief, regarding labor negotiations with SCLEA.

3. Pursuant to Government Code Section 54956.8, the City Council recessed to Closed Session to give instructions concerning price and terms of payment to the City's Negotiators, City Administrator Fred Wilson and Deputy City Administrator Bob Hall, regarding negotiations with the Huntington Beach City School District for the purchase or exchange of up to 10.12 acres of real property located at 20451 Cramer Lane in Huntington Beach and the purchase, sale or exchange of APN 114-150-94 in the City of Huntington Beach.

RECONVENED CITY COUNCIL/REDEVELOPMENT AGENCY MEETING

Mayor Bohr reconvened the regular meeting of the Huntington Beach City Council/Redevelopment Agency at 6:35 PM in the Council Chambers.

CLOSED SESSION REPORT BY CITY ATTORNEY - None.

ROLL CALL

Present: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
Absent: None

PLEDGE OF ALLEGIANCE - Led by Mayor Bohr.

INVOCATION - Led by Mark Curry, Huntington Beach Interfaith Council.

ANNOUNCEMENT OF LATE COMMUNICATION

Pursuant to the Brown "Open Meetings" Act, City Clerk Joan Flynn announced that the following communications were received by her office after distribution of the City Council agenda packet:

Communication submitted by Jennifer McGrath, City Attorney, dated January 20, 2009, entitled "Late Communication, City Council Meeting 1/20/09, Agenda Item 20" revising the City Council and Redevelopment Agency Recommended Actions for Agenda Item No. 20.

PowerPoint communication submitted by Jim Engle, Director of Community Services, dated January 20, 2009, entitled "Permanent Pier Buildings" for Agenda Item No. 22.

AWARDS AND PRESENTATIONS

PRESENTATION - Mayor Bohr called on Carolyn Emery to present a short presentation about the Local Agency Formation Commission.

Carolyn Emery, Senior Project Manager with the Orange County Division of the Local Agency Formation Commission (LAFCO), introduced the agency and its purpose. She discussed her work experience with City representatives Paul Emery and Mary Beth Broeren and identified major LAFCO projects including a study with the Municipal Water District of Orange County, and working with fiscal consultants to develop programs for unincorporated areas. She also discussed LAFCO's annual strategic planning session to prioritize projects, municipal service review and how it affects Huntington Beach, and announced that LAFCO will host a municipal service summit on Friday, March 27. She requested that Huntington Beach attend the summit and offer suggestions on how to improve municipal service reviews and highlight best practices in Huntington Beach. She concluded by recognizing LAFCO's budget and thanking the City Council.

PRESENTATION - Mayor Bohr presented a commendation to coach Jim Harris in recognition of his 600th win for Ocean View High School Basketball.

Coach Jim Harris was recognized for his 600 wins with the Ocean View High School Basketball team. Mayor Bohr read a commendation that described Coach Harris serving as coach for all 600 wins and 30 varsity seasons, his basketball teams qualifying for CIF playoffs every season he coached, his involvement in girl's basketball, and player recruitments at college and professional levels.

Coach Harris thanked Mayor Bohr and Councilmembers, recognized Councilmember Carchio as a former coach, and discussed his 31-year career at Ocean View, describing his love for the profession and the people.

ANNOUNCEMENT - Mayor Bohr announced that a special meeting of the City Council/Redevelopment Agency will be held on February 3rd at 5:30 p.m. in the Council Chambers on affordable housing.

PRESENTATION - Mayor Bohr present a commendation to the Academy for the Performing Arts students and leaders who performed in the New Year's Day Parade with the City's winning Rose Parade Float.

Mayor Bohr was joined by members of the Academy for the Performing Arts (APA) students and leaders who performed in the Rose Parade Event on New Year's Day with the City's winning Rose Parade Float. APA representatives thanked Mayor Bohr and the City Council for the opportunity to perform.

PRESENTATION - Mayor Bohr called on the Chair of the Centennial Ball, Mary Lou Shattuck, to talk about the Centennial Ball to be held on January 31, 2009.

Mayor Bohr was joined by Centennial Committee members Ron Shenkman and Mary Lou Shattuck to announce the Centennial Ball on January 31, 2009. Ms. Shattuck described the silent auction celebrating Huntington Beach, and Mr. Shenkman thanked Ms. Shattuck for her hard work.

MAYOR'S AWARD - Mayor Bohr called on Public Works Director, Travis Hopkins to present the Mayor's Award to Traffic Markings Leadworker Terry Tintle.

Travis Hopkins, Director of Public Works, described Terry Tintle's 27 years of employment with the City, his duties, experience, leadership and high level of professionalism. He described Terry's signage and stripping work on behalf of special events, the compliments he receives on Terry's work from staff and the public, and Terry's efforts to develop equipment and improvements that double staff efficiency.

ANNOUNCEMENT - Mayor Bohr announced the *Ebb and Flow* Centennial event that opened at the downtown Art Center on January 16, and will continue through February 22.

PUBLIC COMMENTS (3 Minute Time Limit)

Darlene Davis, Promenade resident at Sea Gate, discussed her involvement with the affordable housing program and a brief history of the architectural modifications and upgrades provided in Phase I, Plan 2. She explained how she was never educated that the costs associated with adding a loft and selecting additional amenities such as air conditioning, appliance upgrades, flooring, shower doors, etc., would not be recovered by the homeowner at the time of sale. She requested that Council address issues faced by Promenade residents when discussing current affordable housing issues.

Karen Jackle, Cape Ann resident, informed Council of her attendance at tonight's study session on affordable housing and thanked consultants with Keyser Marston. She voiced concerns with deferring development fee collection to project completion, expressed ideas related to proposed changes for onsite or affordable in-lieu fee requirements (12 to 20 units), and wants low and very low income levels included. She recommended that Council plan in-lieu and on-site fees accordingly when an affordable unit is lost and costs increase to replace it.

Steve Stafford voiced concerns about perceived improper activity and threatened living conditions at the Estates development. He discussed lawsuit activity between the Estates HOA and Huntington Beach High School, a ruling for change in maintenance, adjustment of the Covenants, Conditions and Restrictions (CC&Rs), and business code violations. He requested Council assistance when the Estates CC&Rs come before them.

Cliff Johnson, owner and operator of *Let's Go Fishing* on the Huntington Beach Pier, spoke in support of Agenda Item No. 22 - Permanent Pier Buildings, and hopes shared by he and his wife that the City will allow them to continue to operate their business.

Councilmember Dwyer asked if the speakers present on the item had a preference on the proposed renderings. Dave Shenkman and Tina Voray spoke in support of maximizing area as much as possible.

Councilmember Coerper questioned Mr. Johnson's longevity. Mr. Johnson stated how he and his wife have been open for business 7 days per week for the past 15 years.

Dave Shenkman, owner of the Kite Connection, introduced Tina Voray, owner of the SurfCity Store, and described themselves as front line ambassadors to the City. He voiced excitement for the City's proposed development/construction of new buildings on the pier, and being able to offer a higher level of service to their customers. They have served Huntington Beach visitors for over a decade, and look forward to working with Council and Community Services.

Councilmember Green asked speakers Shenkman and Voray if usable space or aesthetics was more important to them. They both responded usable space.

COUNCIL COMMITTEE / APPOINTMENTS / LIAISON REPORTS AND ALL AB 1234
DISCLOSURE REPORTING - Nothing reported.

CITY ADMINISTRATOR'S REPORT - None.

CITY TREASURER'S REPORT

9. (City Council) Reviewed and accepted Shari L. Freidenrich, City Treasurer's Investment Summary Report of City Investment Portfolio, Bond Proceeds, Deferred Compensation, and Retiree Medical Trust Activity for November 2008.

City Treasurer Freidenrich presented a PowerPoint entitled, "November Treasurer's Report."

A motion was made by Coerper, second Green to review and accept the Monthly Investment Report. Following review of the report by motion of Council, accept the Monthly Investment Report for November 2008, pursuant to Section 17.0 of the Investment Policy of the City of Huntington Beach. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

CITY CLERK'S REPORT

10. (City Council) Annual Report from the Office of the City Clerk - A Year in Review. The City Clerk presented an oral report to Council that highlights her department's internal and external activity in 2008 in the areas of campaign and conflict of interest filing, City Council meeting preparation, codification, community educational outreach events, continuing education and accreditation for staff, document imaging, passport acceptance and records management.

City Clerk Flynn provided a PowerPoint presentation entitled, "Office of the City Clerk - A Year In Review."

CITY ATTORNEY'S REPORT

11. City Attorney's Notice of Filed Complaint by the City of Huntington Beach. City of Huntington Beach v. Joanne Cosper Bond, Orange County Superior Court Case No. 30-2009-00234768.

Nature of Case: As the administrator of her parents' estate, Joanne Cosper Bond was partly responsible for maintenance of the property located at 1118 Huntington Street, Huntington Beach. The City seeks to collect unpaid fines, re-inspection fees, late penalties and interest, levied on Ms. Bond through the issuance of civil citations.

City Attorney McGrath provided a verbal report.

CONSENT CALENDAR

Mayor Pro Tem Green requested to pull Agenda Item No. 20 for discussion.

12. (City Council/Redevelopment Agency) Approved and adopted minutes.

A motion was made by Coerper, second Green to Approve and adopt the minutes of the City Council/Redevelopment Agency Regular meeting of November 17, 2008, the City Council/ Redevelopment Agency Regular meeting of December 15, 2008, and the City Council/Redevelopment Agency Regular meeting of January 5, 2009 as written and on file in the Office of the City Clerk. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

13. (City Council) Received and Filed City Clerk's Annual Passport Acceptance Facility Report for January 1, 2008 through December 31, 2008.

A motion was made by Coerper, second Green to receive and file the Annual Passport Acceptance Facility Report for 2008, as prepared and submitted by the Office of the City Clerk. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

14. (City Council) Adopted Resolution No. 2009-01 establishing the position of City Historian and appointing Jerry Person for a four-year term commencing August 20, 2007 to August 20, 2011; and, establishing the position of City Archivist and appointing Joel Watkins for a four-year term commencing August 20, 2007 to August 20, 2011.

A motion was made by Coerper, second Green to adopt Resolution No. 2009-01, "A Resolution of the City Council of the City of Huntington Beach Establishing and Appointing a City Historian and City Archivist." The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

15. (City Council) Approved project plans and specifications and awarded construction contract in the amount of \$2,162,249.73 to R. J. Noble Company for the Asphalt Overlay of 109 Various Residential Street Segments, MSC-454; and, authorized the Mayor and City Clerk to execute contract in a form approved by the City Attorney.

A motion was made by Coerper, second Green to approve the plans and specifications; and, accept the lowest responsive and responsible bid submitted by R. J. Noble Company in the amount of \$2,162,249.73 for MSC 454; and, authorize the Mayor and City Clerk to execute a construction contract in a form approved by the City Attorney. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

16. (City Council) Approved and authorized the Mayor and City Clerk to execute a one-year Lease (with 3 options to extend one year) Agreement between the City of Huntington Beach and the Public Cable Television Authority (PCTA) for the use of the HBTv-3 studio on the lower level of City Hall for \$410 per month.

A motion was made by Coerper, second Green to approve and authorize the Mayor and City Clerk to execute the "Lease Agreement Between the City of Huntington Beach and Public Cable Television Authority" for the use of the HBTv-3 studio on the lower level of City Hall. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

17. (City Council) Received and filed the 2007/08 Consolidated Annual Performance and Evaluation Report (CAPER) submitted to the Department of Housing and Urban Development (HUD) reporting the progress made in the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME) and American Dream Downpayment Initiative (ADDI) Programs between October 1, 2007 to September 30, 2008.

A motion was made by Coerper, second Green to approve to receive and file the 2007/08 Consolidated Annual Performance and Evaluation Report. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

18. (Redevelopment Agency) Authorized the appropriation of \$68,500 to acquire an Environmental Insurance Policy with a term of five years for property located at 7872 Edinger (Big O Tire) to indemnify the Agency against unknown contamination that may be found when the building is eventually demolished.

A motion was made by Coerper, second Green to appropriate \$68,500 from the Merged Redevelopment Agency Capital Projects Fund Balance into account 30580101.69300. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

19. (City Council) Approved and authorized the Mayor and City Clerk to execute two ten-year site license agreements with Omnipoint Communications, a subsidiary of T-Mobile USA, Inc., for wireless facilities at Harbour View Park (16600 Saybrook Lane), and Bolsa View Park (5741 Brighton Drive).

A motion was made by Coerper, second Green to authorize the Mayor and City Clerk to approve and execute the "Site License Agreement Between the City of Huntington Beach and Omnipoint Communications, Inc., a Subsidiary of T-Mobile, USA, Inc., A Delaware Corporation at Harbour View Park;" and, authorize the Mayor and City Clerk to approve and execute the "Site License Agreement Between the City of Huntington Beach and Omnipoint Communications, Inc., a Subsidiary of T-Mobile, USA, Inc., A Delaware Corporation at Bolsa View Park." The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

20. (City Council//Redevelopment Agency) Approve and authorize the City Administrator/Executive Director to execute any and all loan documents with CIM Huntington, LLC, developer of The Strand, located on Fifth Street and Pacific Coast Highway.

Mayor Pro Tem Green pulled the item to confirm the updated, recommended action submitted by the City Attorney.

A motion was made by Green, second Coerper to approve the "Construction Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing" on the condition that there is no provision in the final construction loan agreement that is inconsistent with the DDA; and, Approve the "Agreement of Parties Re: Disposition and Development Agreement" on the condition that there is no provision of the final construction loan agreement that is inconsistent with the DDA; and; Authorize the Executive Director to execute any and all agreements in furtherance of this request (AGENCY ACTION).

Approve the "Construction Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing" on the condition that there is no provision of the final construction loan agreement that is inconsistent with the DDA; and, approve the "Agreement of Parties Re: Disposition and Development Agreement" on the condition that there is no provision of the final construction loan agreement that is inconsistent with the DDA; and, approve the Construction Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing on the condition that CIM's agreement that if CIM resigns as operator under the Operating Agreement, the City may immediately exercise any rights or remedies it has under the Operating Agreement; and approve the Agreement of Parties Re: Disposition and Development Agreement on the condition of CIM's agreement that if CIM resigns as operator of the Strand Public Parking Structure, the City may immediately exercise any rights or remedies it has under the Operating Agreement; and authorize the City Administrator to execute any and all agreements in furtherance of the request (CITY ACTION). The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

ADMINISTRATIVE ITEMS

21. (City Council) Approved projects to receive the highest level of focus for funding efforts by the City's Federal Lobbyists during the 2009 legislative session; and, approved support for Mayor Newsom's Advancement of Renewal Ocean Power as recommended by the City Council Intergovernmental Relations Committee (IRC) Members: Councilmember Jill Hardy, Chair, Mayor Keith Bohr, and Councilmember Don Hansen.

A motion was made by Hardy, second Coerper to approve as submitted the 2010 Federal Funding Agenda; and, approve signing a letter in support of San Francisco Mayor Gavin Newsom's efforts to advance renewable ocean power. The motion carried by the following roll call vote:

Mayor Pro Tem Green, Councilmember Hardy and Councilmember Hansen discussed the implications behind efforts to advance renewable ocean power.

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy, and Hansen
NOES: None

22. (City Council) Approved the conceptual design plans for the three permanent visitor-serving buildings on the Municipal Pier; reviewed third building function; and, directed staff to negotiate lease with the current pier concessionaires, Surf City Store, Kite Connection, and Let's Go Fishing.

City Administrator Fred Wilson introduced Jim Engle, Director of Community Services who provided a PowerPoint presentation. Topics for discussion included replacing three (3) trailers on the pier with permanent buildings, project funding, design concepts including Option A - angled windows, and Option B - column and arch design, existing pier structures (Tower Zero, Ruby's, restrooms), new building locations, pier building height, third building function, additional option for snack bar, and the concessionaire selection process.

Director Engle's presentation indicated that the Design Review Board recommends using Option B for all three new buildings, while staff recommends Option A at the 1st platform, and Option B at the 3rd platforms to add architectural interest and symmetry at each platform.

Mayor Green and Director Engle discussed differences and similarities related to usable space between Options A and B, including ceiling height and internal display area. Discussion ensued on metal versus concrete roof material, balancing internal temperature, and LEED certified material.

Councilmember Coerper and Director Engle discussed window design and size for Option B, including artists renderings and window space. Director Engle also described the standard operating procedure for building a shell, and the tenants responsibility to design the interior for functionality.

A motion was made by Coerper, second Green to a) approve the conceptual designs for the three new permanent visitor-serving buildings on the Municipal Pier with Option A with the

slanted Tower Zero-type windows designated for the two buildings on the first platform, and Option B with the columns and arches similar to the adjacent restroom designated for the building on the third platform; b) direct staff to negotiate a market rate lease with the current pier concessionaires, Surf City Store, Kite Connection, and Let's Go Fishing, using the City's standard concessionaire's agreement; amended to include c) roofline height of Option B to be the same as current restroom at 19 feet; and d) sliding or folding doors that disappear are to be used on Options A & B. Vote to follow.

Councilmember Dwyer and Director Engle discussed inclusion of restrooms in new buildings, roof height consistency at 19 feet, concerns related to flags and other signage, air conditioning, sprinkler systems and window design/glazing. Fire Chief Duane Olson identified criteria for sprinkler systems.

Councilmember Hansen voiced concerns about the existing setback. Planning Director Hess explained that a change in the setback requirement would be subject to the Coastal Commission review process. Discussion ensued on how tenants will benefit from doubling their square footage, and Health Department requirements if sellers offer certain pre-packaged food items.

Mayor Bohr discussed the history of the request and his recommendations to include within the motion a sliding door design, blue, green and red tile roof material, the amount of product displayed outside of businesses, lighting on the pier, and creating a mezzanine for storage inside the buildings.

Discussion ensued on incorporating a snack bar into the bait 'n' tackle shop (Let's Go Fishing) on the third platform.

Councilmember Coerper and Director Engle discussed the amount of time businesses will be closed during construction (a goal of 4-6 weeks), window placement, and lease terms. Director Engle explained that standard lease terms are 5 years, with two 5-year extensions.

Councilmember Carchio and Director Engle discussed options for restroom location should the City decide to incorporate a snack shop use.

Councilmember Green and Director Engle discussed the use of temporary trailers during construction.

The motion by Coerper, seconded by Green carried by the following vote:

AYES: Carchio, Dwyer, Green, Bohr, Coerper, Hardy and Hansen
NOES: None

A motion was made by Bohr, second Coerper to include green metal roof material on the first platform, and blue metal roof material on the second platform. The motion failed by the following roll call vote:

AYES: Carchio, Bohr, and Coerper
NOES: Dwyer, Green, Hardy, and Hansen

A motion was made by Hansen, second Bohr to include a snack bar within the Bait n Tackle concession on the third platform and include windows on the north side. The motion carried by the following roll call vote:

AYES: Carchio, Dwyer, Bohr, Coerper, Hardy, and Hansen

NOES: Green

COUNCILMEMBER COMMENTS (Not Agendized)

Councilmember Dwyer discussed today's Presidential Inauguration.

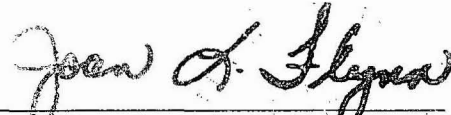
Councilmember Coerper announced that Past Mayor Shirley Dettloff was present at the Inauguration as reported in the Orange County Register.

Councilmember Carchio thanked the HB Chamber of Commerce for its 105th Annual Dinner held on Thursday, January 15, 2009.

Mayor Bohr congratulated Troop 555 and Eagle Scout Court of Honor recipient Chad S. Surber.

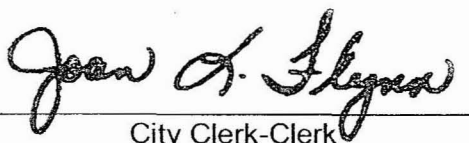
ADJOURNMENT

Mayor Bohr adjourned the regular meeting at 8:39 PM to a Special Meeting on Friday, January 30, 2009 at 8:30 AM at the Huntington Beach Central Library, Room C and D, 7111 Talbert Avenue, Huntington Beach, California 92648, for a Strategic Planning Retreat. The next regularly scheduled meeting will be Monday, February 2, 2009 at 4:00 PM in Room B-8, Civic Center, 2000 Main Street, Huntington Beach, California.



City Clerk and ex-officio Clerk of the City
Council of the City of Huntington Beach
and Clerk of the Redevelopment Agency
of the City of Huntington Beach, California

ATTEST:


City Clerk-Clerk
Mayor-Chair